

1 Press Release

HCC Q2 FY 11-12 Turnover at Rs.837.7 Crore Operating Profit at Rs. 94.5 Crore

Performance impacted by economic slowdown and high interest costs

Mumbai, October 21, 2011: Hindustan Construction Company Limited (HCC) [BSE: 500185; NSE: HCC] today announced its unaudited financial results for the quarter ended September 30, 2011.

Key Pointers:

HCC Ltd

- Turnover of Rs. 837.7 Crore compared to Rs. 898.5 Crore in the corresponding quarter last year Net loss at Rs. 40.5 Crore
- Order book is at Rs. 16,175 Crore excluding two L1 contracts worth Rs. 2,077 Crore

HCC subsidiaries

- HCC Concessions receives Rs. 240 Crore equity at Rs. 1,650 Crore valuation from Xander Group
- Steiner AG net profit at CHF 4.2 million compared to CHF 0.6 million, reflecting improved performance
- Steiner AG order book at CHF 1.4 billion (Rs. 7668Crore). In addition, the company has been awarded contracts worth CHF 475 million (Rs. 2601Crore) for which contracts are yet to be signed.
- Lavasa – The Bombay High Court has directed Government of Maharashtra to take action pending in accordance with MoEF directives within two weeks. It has also directed MoEF to pass a decisive order by 16th Nov 2011.

Commenting on the company's financial performance, **Mr. Ajit Gulabchand, Chairman and**

Managing Director, HCC said, "The financial performance reflects the difficult economic and business environment, coupled with high inflation, high interest rates and significant delays in awarding of new infrastructure projects. With the interest rates cycle peaking and the government focused on reviving economic growth, a pickup in new project awards and a subsequent reduction in financing costs, is expected."

Performance of HCC's subsidiaries:

HCC Concessions Ltd concluded its Rs. 240 Crore equity fund raising from the Xander Group at a valuation of Rs. 1,650 Crore, diluting 14.5% in the company. The current portfolio of Rs. 5,500 Crore, includes six NHAI road concessions. The commissioning of hulePalesner Highway on the Maharashtra MP border is expected this year, six months

ahead of schedule. Execution of the West Bengal (NH34) project that connects Bahrampore to Dalkhola is progressing on schedule.

Steiner AG has shown a good order inflow of CHF 500 million (Rs. 2738Crore) during the quarter, having signed a few significant projects - Post Parc in Bern (CHF 160 million) & House of Peace in Geneva (CHF 100 million). The company registered a quarterly turnover of CHF 172 million with PAT of CHF 4.2 million.

Lavasa Corporation Ltd's performance continued to be adversely impacted by the Ministry of Environment and Forest's (MOEF) order to stop work.

- The MOEF-appointed Expert Appraisal Committee (EAC) recommended granting environment clearance on May 31, 2011 which was accepted by MOEF with preconditions on June 15, 2011.
- Lavasa has fulfilled all the preconditions. However the MoEF by order dated October 13, 2011 said "The final decision on the Environmental Clearance cannot be taken till all the preconditions are met including credible action by the State Government of Maharashtra and subject to the final orders of the Hon'ble High Court of Bombay as the matter is subjudice".
- The Bombay High Court heard the case yesterday and directed the Government of Maharashtra to take action within two weeks in accordance with the MoEF directives. The court has also directed MoEF to pass a decisive order within three weeks, without any further extension of time. The Court has adjourned the proceedings to 16th November 2011.